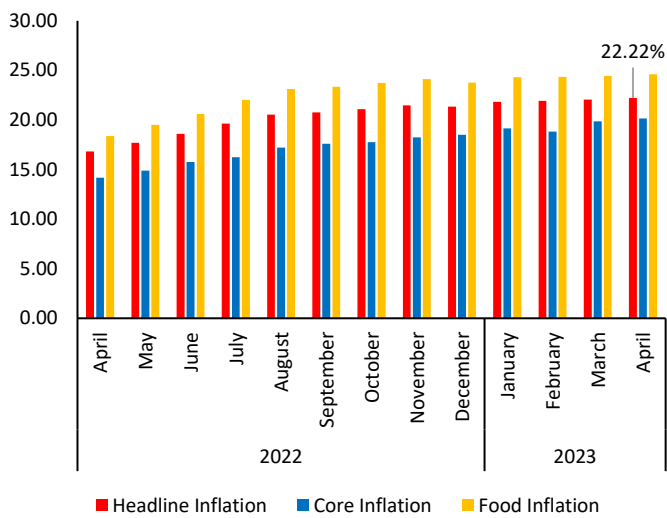




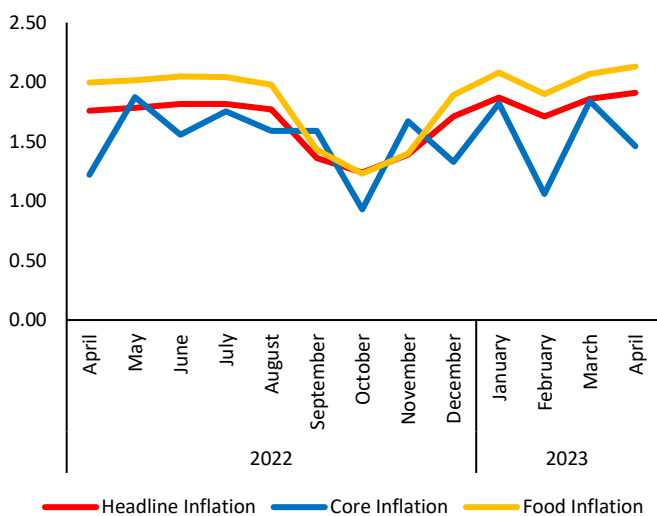
INFLATION REPORT APRIL 2023

Headline, Core and Food Inflation Movement (y/y)



Source: NBS, Atlasportfolio

Headline, Core, and Food Inflation Trend (m/m)



Source: NBS, Atlasportfolio

Headline Inflation Hits 22.22% in April 2023

According to the official data released by the National Bureau of Statistics (NBS), the Headline inflation rate (a measure of how quickly the prices consumers pay for a broad range of goods and services in the economy) in April 2023 stood at **22.22%** year-on-year, from 22.04% in March 2023, representing an increase of +0.18%, while it surged by 5.40% when compared to the 16.82% recorded in April 2022. Furthermore, on a month-on-month basis, the headline inflation rose by 1.91%, which is +0.05% higher than the 1.86% recorded in March 2023.

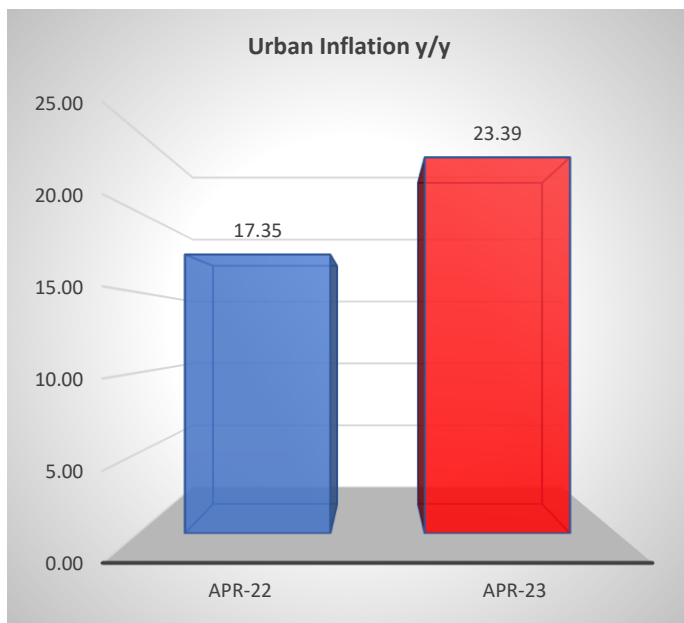
The growth in the Headline rate was influenced by increase in the y/y Food Price and Core inflation rate (a sub-component of the Headline index).

The Food inflation soared by 24.61% y/y, which was +6.24% higher when compared to 18.37% recorded in April 2022. Also, on a month-on-month basis, Food inflation grew by 2.13% in April 2023, which is +0.06% higher than 2.07% recorded in March 2023. Food inflation was high year-on-year due to the persistent energy crisis, coupled with other existing challenges such as cash crunch, low production and insecurity. The Core Inflation rate (Non-Food price inflation sub-component) also increased by 20.14% y/y in April 2023, which was up by +5.96% in comparison to 14.18% recorded in April 2022. However, on a month-on-month basis, it decreased by 1.46%, which was -0.38% lower than 1.84% recorded in March 2023.

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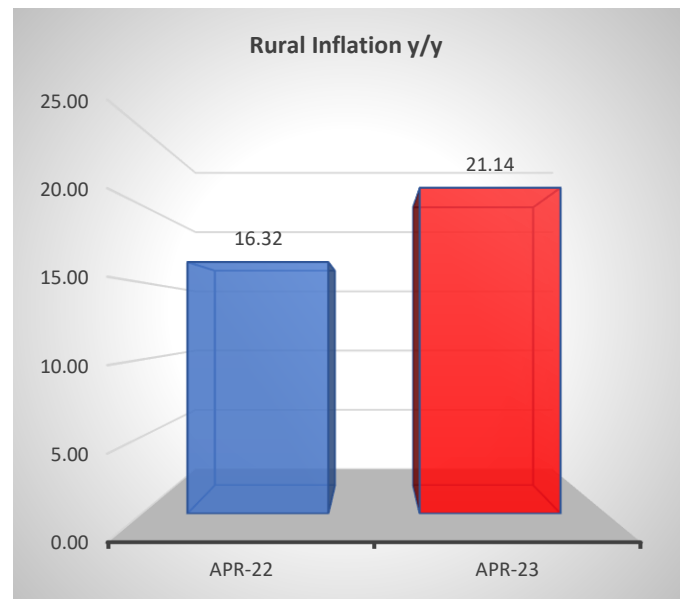
In addition, the Urban inflation rate stood at 23.39% y/y, which was +6.05% higher than 17.35% computed in April 2022, and on a month-on-month basis, it stood at 2.05%, which represents a +0.05% increase, compared to 2.00% recorded in March 2023. The rural inflation rate in April 2023 was also slated at 21.14%, which was +4.82% higher compared to 16.32% recorded in April 2022. On a month-on-month basis, the rural inflation rate in April 2023 was 1.78%, up by 0.06% compared to 1.72% recorded in March 2023.



Source: NBS, Atlasportfolio

Our Review

Headline Inflation continues to grow since January 2023 after slowing down a bit in December 2022. This can be attributed to the CBN's aggressive monetary policy tightening, as well as the naira redesign policy. The scarcity of the redesigned notes which led to cash crunch in the economy since January was expected to stimulate a slowdown in the demand-pull inflation, especially with the continuous interest rate hike by the central bank. However, this has not tamed the surging inflation rate. Furthermore, food inflation continues to increase month-on-month due to challenges in production caused by insecurity, as well as transportation cost. The core inflation growth can be associated with FX scarcity, increase in cost of production, fuel scarcity amidst others.



Source: NBS, Atlasportfolio

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